

**Supporting Statement for the
Recordkeeping, Reporting, and Disclosure Requirements
in Connection with Regulation BB (Community Reinvestment Act)
(Reg BB; OMB No. 7100-0197)**

Summary

The Board of Governors of the Federal Reserve System (the Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the mandatory recordkeeping, reporting, and disclosure requirements in Regulation BB, which implements the Community Reinvestment Act (CRA). The Board is required under the Paperwork Reduction Act (PRA) to renew every three years the information collections mandated by the regulation for institutions supervised by the Board. The PRA classifies reporting, recordkeeping, or disclosure requirements of a regulation, including Regulation BB, as an information collection.¹

The Board accounts for the paperwork burden associated with Regulation BB only for institutions subject to CRA that the Board supervises.² The estimated total annual burden for the 851 entities supervised by the Board, as of March 31, 2014, is 50,279 hours.

Background and Justification

CRA was enacted in 1977 and is implemented by Regulation BB.³ The CRA directs the federal banking agencies⁴ to evaluate financial institutions' records of helping to meet the credit needs of their entire communities, including low- and moderate-income areas consistent with the safe and sound operation of the institutions. The CRA is implemented through regulations issued by the federal banking agencies.⁵

In 1995, the federal banking agencies issued substantially identical regulations under CRA to reduce unnecessary compliance burden, promote consistency in CRA assessments, and encourage improved performance.⁶ As a result, the current recordkeeping, reporting, and disclosure requirements under Regulation BB depend in

¹ 44 U.S.C. § 3501 *et seq.*

² Other federal agencies account for the paperwork burden imposed under CRA on entities for which they have supervision authority. Other federal agencies with supervision authority are the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

³ 12 U.S.C. § 2901 *et seq.*

⁴ In addition to the Board, the federal banking agencies currently responsible for CRA rules are the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC).

⁵ The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 transferred from the Office of Thrift Supervision (OTS) all authorities (including rulemaking) relating to savings associations to the OCC and all authorities (including rulemaking) relating to savings and loan holding companies (SLHCs) to the Board on July 21, 2011.

⁶ 60 FR 22156 (May 4, 1995).

part on a bank's size, and are discussed more fully below in the description of information collection.

Under Regulation BB, large banks are defined as those with assets of \$1.202 billion or more for the past two consecutive year-ends; all other banks are considered small or intermediate.⁷ The banking agencies amend the definition of a small bank and an intermediate small bank in their CRA regulations each year when the asset thresholds are adjusted for inflation pursuant to Regulation BB, most recently in December 2013.⁸

Other than the information collections pursuant to the CRA, the Board has no information collection that supplies data regarding the community reinvestment activities of state member banks (SMBs).

Description of Information Collection

The recordkeeping, reporting, and disclosure requirements associated with Regulation BB are listed in Attachment 1 and also summarized below. A SMB that qualifies for evaluation under the small bank performance standards but elects evaluation under the lending, investment, and service tests will collect, maintain, and report the data required for large banks.

Assessment area delineation (Sections 228.41 and 228.42(g))

Each SMB must delineate one or more assessment areas within which the Board evaluates the bank's record of helping to meet the credit needs of its community. Large banks must also report the list of assessment areas to the Board by March 1 each year. The assessment area(s) consists generally of one or more Metropolitan Statistical Areas (MSA) or one or more contiguous political subdivisions, such as counties, cities, or towns. The assessment area(s) includes the tracts in which the bank has its main office, branches, and deposit-taking automated teller machines (ATMs), as well as the surrounding tracts in which the bank has originated or purchased a substantial portion of its loans. There are rules designed to prevent redlining (arbitrary exclusion of lower-income or minority neighborhoods) in the drawing of assessment areas.

Public file (Section 228.43)

All SMBs are required to maintain and make available to the public a file containing comments received from the public for the current year and each of the prior two calendar years, and any response to the comments from the bank. The file also must contain a copy of the public section of the SMB's most recent CRA performance

⁷ Beginning January 1, 2014, banks and savings associations that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.202 billion are small banks or small savings associations. Small banks or small savings associations with assets of at least \$300 million as of December 31 of both of the prior two calendar years, and less than \$1.202 billion as of December 31 of either of the prior two calendar years, are intermediate small banks or intermediate small savings associations.

⁸ 78 FR 79283 (December 30, 2013).

evaluation prepared by the Board, a list of the bank's open branches with addresses and geographies, a list of branches opened or closed during the current year and each of the prior two calendar years, a list of the services generally offered by the bank, and a map of each assessment area. The bank may include in the file any other information it chooses.

Large banks must also include in the public file the CRA Disclosure Statement (Section 228.42(h)) prepared by the Board for each of the prior two calendar years and, if applicable, information about consumer loan data. SMBs required to report data under the Home Mortgage Disclosure Act (HMDA) must include in the public file a copy of the HMDA Disclosure Statement prepared by the Federal Financial Institutions Examination Council (FFIEC) for each of the prior two calendar years. In addition, SMBs that elect to have mortgage lending of an affiliate of any of those years considered in its CRA evaluation must include in the public file the affiliate's HMDA disclosure statement for those years.

A small bank or intermediate small bank must include in the public file the bank's loan-to-deposit ratio for each quarter of the prior calendar year and, if it elects to be evaluated under the lending, service, and investment tests, the information required under the disclosure rules applicable to large banks.

A SMB that has, in accordance with Section 228.27, submitted and been approved by the Board for assessment under a strategic plan (see Strategic Plan, below) must include a copy of the plan in the public file. A SMB that received a rating worse than "Satisfactory" during its most recent examination, must include in the public file a description of its efforts to improve its performance.

Public notice by banks (Section 228.44)

A SMB must provide in the public lobby of its main office and in each branch a prescribed notice informing consumers of their rights to certain information about the SMB's operations and CRA performance as evaluated by the Board.

Required Collection, Maintenance or Reporting of Loan Information for Large Banks

Loan information to be collected and maintained (Section 228.42(a))

A large bank is required to collect and maintain in machine-readable form until the completion of its next CRA examination the following data for each small business or small farm loan originated or purchased:

- a unique number or alpha-numeric symbol used to identify the relevant loan file;
- the loan amount at origination;
- the loan location; and
- an indicator whether the loan was made to a business or farm with gross annual revenues of \$1 million or less.

Loan information to be reported (Section 228.42(b))

Small business and small farm loan data. A large bank is required to report annually by March 1 to the Board in machine-readable form the following data for the preceding calendar year. For each geographical location in which the SMB originated or purchased a small business or small farm loan, the SMB must report the aggregate number and amount of loans:

- of \$100,000 or less at origination;
- of more than \$100,000 at origination but less than or equal to \$250,000 at origination;
- of more than \$250,000 at origination; and
- made to businesses and farms with gross annual revenues of \$1 million or less (using the revenues that the bank considered in making its credit decision).

Community development loan data. A large bank is also required to report annually by March 1 to the Board in machine-readable form the aggregate number and aggregate amount of community development loans originated or purchased in the preceding calendar year.

Home mortgage loan data. Reporting of mortgage loan data is governed by HMDA, which is implemented by Regulation C. However, a large bank that is subject to reporting under Regulation C (12 CFR Part 203), is also required under Regulation BB to report annually by March 1 to the Board in machine-readable form the property location for each home mortgage loan application, origination, or purchase outside the MSAs in which the SMB has a home or branch office (or outside any MSA). The paperwork burden for providing property location information for loans inside an MSA is associated with the HMDA Loan/Application Register (FR HMDA-LAR; OMB No. 7100-0247).

Optional Data Collection and Maintenance

Consumer loan data (Section 228.42(c))

A SMB has the option to collect and maintain, in machine-readable form, data for consumer loans originated or purchased by the bank for consideration under the lending test. A SMB may maintain data for one or more of the following categories of consumer loans: motor vehicle, credit card, home-equity, other secured, and other unsecured. If the SMB maintains data for loans in a certain category, it must maintain data for all loans originated or purchased within that category. The SMB must maintain data separately for each category and must include for each loan:

- a unique number or alpha-numeric symbol used to identify the relevant loan file;
- the loan amount at origination or purchase;
- the loan location; and

- the gross annual income of the borrower that the SMB considered in making its credit decision.

At its option, a SMB may also provide other information concerning its lending performance, including additional loan-distribution data.

Affiliate lending data (Section 228.42(d))

A SMB that elects to have the Board consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, must collect, maintain, and report for those loans the data that the SMB would have collected, maintained, and reported had the loans been originated or purchased by the SMB. For home mortgage loans, the bank must also be prepared to identify the home mortgage loans reported by the affiliate under HMDA and Regulation C.

Data on lending by a consortium or a third party (Section 228.43(e))

A SMB may elect to have the Board consider community development loans made by a consortium or third party, for purposes of the lending or community development tests or an approved strategic plan. If so, the SMB must report for those loans the data that the bank would have reported had the loans been originated or purchased by the SMB itself.

Strategic plan (Section 228.27)

A SMB may elect to be assessed under a strategic plan if the SMB has submitted the plan to the Board, the Board has approved the plan, the plan is in effect, and the SMB has been operating under an approved plan for at least one year. The Board's approval of this plan does not affect the SMB's obligation, if any, to comply with the data collecting and reporting requirements under 12 CFR 228.42.⁹ The plan may have a term of no more than five years; multi-year plans must include annual interim measurable goals. Before submitting a plan to the Board, a SMB must seek suggestions from members of the public in its assessment area(s), formally solicit public comment for at least thirty days, and during the period of formal public comment make copies of the plan available for public review at its offices at no cost, and by mail for a reasonable cost.

A strategic plan must include measurable goals for helping meet the credit needs of each assessment area covered by the plan, addressing the lending, investment and service tests. A plan must specify goals that constitute satisfactory performance and also may specify goals that constitute outstanding performance. If an institution fails to meet its own goals for satisfactory performance, a SMB may elect in its plan to be evaluated under the alternate test(s) specified in the regulation.

⁹ 12 C.F.R. § 228.27(b).

Request for designation as a wholesale or limited purpose bank (Section 228.25(b))

The Board evaluates the performance of a wholesale or limited purpose bank under the community development test specified in the regulation. A SMB wishing to be designated as a wholesale or limited purpose bank must file a request, in writing, with the Board, at least three months prior to the proposed effective date of the designation.

Time Schedule for Information Collection and Publication

The recordkeeping, reporting, and disclosure requirements required by Regulation BB are mandatory and depend on bank size and other factors. SMBs that are required to collect assessment area information, small business and small farm data, community development data, and home mortgage loan data must collect and report the data to the Board in machine-readable form annually by March 1 for the prior calendar year.

The Board uses the data to examine and assess SMBs' CRA records; to prepare the public sections of CRA performance evaluations; and to help evaluate applications for acquisitions and other transactions. The Board prepares annually for each SMB a public disclosure statement that contains, on a state-by-state basis, information on small farm, small business, and community development loans.

Together with the other agencies, the Board prepares annually for each MSA (including an MSA that crosses a state boundary) and for each non-MSA portion of each state, an aggregate disclosure statement of small business and small farm lending by all institutions subject to reporting requirements under each agency's CRA regulation. These disclosure statements indicate, for each geography, the number and amount of all small business and small farm loans originated or purchased by reporting institutions, except that the Board may adjust the form of the disclosure if necessary to protect the privacy of a borrower or the competitive position of an institution. The Board makes the aggregate disclosure statements and the individual SMB statements available to the public at central data repositories and publishes a list of the repositories at which statements are available. The FFIEC also makes both statements available on the FFIEC CRA web site www.ffiec.gov/cra. The statements are usually available at the SMBs, central data repositories, and on the FFIEC web site in late July after the March 1 reporting date.

Any SMB electing to submit a strategic plan to the Federal Reserve must do so at least three months prior to the proposed effective date of the plan. The Board will act upon the plan within 60 days. If the Board fails to act within this 60 days, the plan shall be deemed approved unless the Board extends the review period for good cause. As indicated above, a SMB may not be evaluated under a strategic plan unless it has been operating under an approved plan for at least one year.

Legal Status

The Board's Legal Division has determined that the recordkeeping, reporting, and disclosure requirements associated with Regulation BB are authorized by section 806 of the CRA, which permits the Board to issue regulations to carry out the purpose of CRA (12 U.S.C. § 2905), Section 11 of the Federal Reserve Act (FRA), which permits the Board to require such statements as reports of SMBs as it deems necessary (12 U.S.C. § 248(a)(1)), and section 9 of the FRA, which permits the Board to examine SMBs (12 U.S.C. § 325). The obligation to comply with the recordkeeping, reporting, and disclosure requirements of Regulation BB is generally mandatory and varies depending on whether the bank is a large bank. Other parts of the collection – specifically, the request for designation as a wholesale or limited purpose bank, the strategic plan, and the recordkeeping and reporting requirements associated with data regarding consumer loans and lending performance, affiliate lending data, data on lending by a consortium or a third party, are required to obtain a benefit. The data that are reported to the Federal Reserve are not considered confidential.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Consultation Outside the Agency

On January 28, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR 4571) requesting public comment for 60 days on the extension, without revision, of this information collection. The comment period for this notice expires on March 30, 2015.

Estimate of Respondent Burden

The burden estimates for *non-optional reporting requirements* related to loan data, other than community development loan data, include time estimates for geocoding easy- and hard-to-find loan geographies. The number of respondents for the *non-optional reporting requirements* (loan data and assessment area delineation) and optional reporting requirements (third-party and affiliate lending) are based on the number of CRA data respondents regulated by the Board using 2013 data reported March 1, 2014. Optional reporting requirements for requests for strategic plan approvals and designations as a wholesale or limited purpose bank are based on previous experience.¹⁰ *Optional recordkeeping burden* estimates for consumer loan data and other loan data are estimated based on a review of CRA performance evaluations.

The burden for the *public file disclosure requirements* includes estimates for both the large and small bank requirements. The public file requirement also includes an

¹⁰ On average, requests for (1) strategic plan approvals and (2) designations as a wholesale or limited purpose bank have averaged less than one a year, although three strategic plans were approved in 2014.

estimate of the time required for small banks, including intermediate small banks, to delineate an assessment area.

The total annual burden for SMBs associated with complying with CRA is estimated to be 50,279 hours for the 851 institutions supervised by the Board. The total annual burden for Regulation BB represents less than 1 percent of the total Federal Reserve System paperwork burden.

Burden Estimate	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<u><i>Recordkeeping Requirement</i></u>				
Small business and small farm loan register	77	1	219	16,863
<u><i>Optional Recordkeeping Requirements</i></u>				
Consumer loan data	13	1	326	4,238
Other loan data	11	1	25	275
<u><i>Reporting Requirements</i></u>				
Assessment area delineation	82	1	2	164
Loan data:				
- Small business and small farm	77	1	8	616
- Community development	82	1	13	1,066
- HMDA out of MSA	71	1	253	17,963
<u><i>Optional Reporting Requirements</i></u>				
Data on lending by a consortium or third party	9	1	17	153
Affiliate lending data	4	1	38	152
Request for Strategic plan approval	1	1	275	275
Request for designation as a wholesale or limited purpose bank	1	1	4	4
<u><i>Disclosure Requirement</i></u>				
Public file	851	1	10	8,510
<i>Total</i>				50,279

The total cost to the public is estimated to be \$2,559,201.¹¹

¹¹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$18, 45% Financial Managers at \$61, 15% Lawyers at \$63, and 10% Chief Executives at \$86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2013, published April 1, 2014 www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

Estimate of Cost to the Federal Reserve System

Since no information is submitted to Federal Reserve Banks, their costs are negligible. The Board staff processes data for the Federal Reserve, OCC, and FDIC. The banking agencies' 2014 annual cost was budgeted to be \$1,184,933.

Attachment I
Summary of annual
Recordkeeping, Reporting, and Disclosure Requirements
in Connection with Regulation BB

Requirements	Recordkeeping	Reporting	Disclosure
--------------	---------------	-----------	------------

<i>Assessment area (.41(a); .42(g))</i>			
All Banks	delineate assessment area		
Large Banks ¹	collect list of geographies in assessment area(s)	report this list	
<i>Public file: (.41(a); .43(a)(1); .43(a)(2); .43(a)(3); .43(a)(4); .43(a)(5); .43(a)(6); .43(a)(7); .43(b)(1); .43(b)(2); .43(b)(3); .43(b)(4); .43(b)(5); .43(c); .43(d))</i>			
All Banks			<ul style="list-style-type: none"> <input type="checkbox"/> comment letters and responses (current and prior two years) <input type="checkbox"/> public section of most recent CRA performance evaluation <input type="checkbox"/> list of bank branches <input type="checkbox"/> list of branch openings and closings <input type="checkbox"/> list of services offered <input type="checkbox"/> map of each assessment area <i>if applicable:</i> <input type="checkbox"/> strategic plan <input type="checkbox"/> description of current efforts to improve its CRA performance
Large Banks			<ul style="list-style-type: none"> <input type="checkbox"/> CRA Disclosure Statements (prior two years) <i>if applicable:</i> <input type="checkbox"/> consumer loan data (prior two years) <input type="checkbox"/> HMDA Disclosure Statements (prior two years)
Small Banks and Intermediate Small Banks			<ul style="list-style-type: none"> <input type="checkbox"/> loan-to-deposit ratio; each quarter prior year <i>if applicable:</i> <input type="checkbox"/> information required under disclosure rules for large banks
<i>Public notice by banks (.44)</i>			
All Banks			prescribed notices informing consumers

¹ For the purpose of this attachment large banks are defined as any bank other than a small bank or intermediate small bank, as defined by Regulation BB, or any small bank or intermediate small bank electing not to employ the reporting exemptions available to small lenders.

Attachment I
Summary of annual
Recordkeeping, Reporting, and Disclosure Requirements
in Connection with Regulation BB

Requirements	Recordkeeping	Reporting	Disclosure
			of their rights to certain information
<i>Small business and small farm loan register (.42(a))</i>			
Large Banks	must collect and maintain: <ul style="list-style-type: none"> ○ unique symbol ○ loan amount ○ loan location ○ indicator whether loan was to business or farm with gross annual revenues of \$1 million or less		
<i>Small business and small farm loan data (.42(b)(1))</i>			
Large Banks		report aggregate number and amount of loans: <ul style="list-style-type: none"> ○ \$100,000 or less at origination ○ \$100,000 but less than or equal to \$250,000 at origination ○ More than \$250,000 at origination ○ to business or farm with gross annual revenue of \$1 million or less 	
<i>Community development loan data (.42(b)(2))</i>			
Large Banks		aggregate number and amount of community development loans originated or purchased	
<i>Home mortgage loan data (.42(b)(3))</i>			
Large Banks		<i>if applicable:</i> location of each loan application, origination or purchase outside MSAs where bank has offices (property location)	

Attachment I
Summary of annual
Recordkeeping, Reporting, and Disclosure Requirements
in Connection with Regulation BB

Requirements	Recordkeeping	Reporting	Disclosure
<i>Consumer loan data (optional) (.42(c)(1))</i>			
All Banks	loans originated or purchased: <ul style="list-style-type: none"> ○ unique symbol to identify loan file ○ loan amount ○ loan location ○ borrower's gross income considered in making credit decision 		
<i>Other loan data (optional) (.42(c)(2))</i>			
All Banks	other lending performance information		
<i>Affiliate lending data (optional) (.42(d))</i>			
All Banks	loan data the bank would have collected and maintained had the loans been originated or purchased by the bank ²	loan data the bank would have reported had the loans been originated or purchased by the bank	
<i>Data on lending by a consortium or a third party (optional) (.42(e))</i>			
All Banks		loan data the bank would have reported had the loans been originated or purchased by the bank	
<i>Strategic plan (optional) (.27(a); .27(d)(3); .27(e); .27(f); .27(h))</i>			
All Banks		submitted to and approved by the Board	
<i>Request for designation as a wholesale or limited purpose bank (optional) (.25(b))</i>			
All Banks		request in writing filed with the Board 3 months in advance of proposed effective date of designation	

² For home mortgage loans, the bank must be prepared to identify the home mortgage loans reported under Regulation C by the affiliate.